



Report To:	Program Planning Committee
From:	Donna Moroso, Director of Integrated Social Services Rhonda McCauley, Social Housing Program Supervisor
Date:	September 23, 2015
Re:	Social Housing Market Rents - Issue Report - Revised

Purpose

To realign the market (maximum) rent values of the Social Housing Units to amounts that are more in line with the Household Income Limits as set by the Housing Services Act (HSA).

Background

The Housing Services Act (HSA) sets Household Income Limits (HILs) for persons applying for Rent-Geared-to-Income (RGI). The income limits are defined based on a bedroom size, and increase accordingly for a larger household. There is a requirement of the Service Manager to maintain a minimum target of units for lower incomes. This is referred to as Service Level Standards. The Manitoulin-Sudbury DSB Service Level Standard is 186 units out of 323 units that are classed as high needs households.

The Northern Service Managers' all have relatively high Household Income Limits as compared to our Southern Colleagues. As a comparison, Chatham-Kent, Cornwall and London have a High Need Household Income Limit for a one-bedroom of \$17,400, while **Kenora, Rainy River**, ourselves, and Cochrane's High Need HIL is \$37,500.

Service Manager	Area	1 Bedroom
Chatham Kent	Whole area	\$17,400
City of Cornwall	Whole Area	\$17,400
City of London	City – except Middlesex	\$17,400
Kenora District Services Board	Township of Lake of the Woods and Sioux Narrows-Nestor Falls	\$37,500
Rainy River District DSSAB	Township of Chapple; Township of Dawson; Township of Morley	\$37,500
Cochrane DSSAB	Moosonee only	\$37,500
Manitoulin-Sudbury DSB	Whole area	\$37,500

It is also typical in the more Northern and Rural Service Manager regions, that the average market value is lower. As a result, persons applying for Rent-Geared-to-Income subsidy are easily attaining the market value of rents for the area long before they reach the maximum of the Income Limit. It is for this reason and the gap created with inflated HILs that is a driver for consideration of review of the current Market Rent Structure.

It is also stated in the Housing Services Act that a person receiving Rent-Geared-to-Income that has paid the Market Value for a period of 12-months will continue to pay that value making them RGI ineligible. This stagnates the process, and leaves a gap in the ability to service many in our communities.

By increasing the market rents to a level that is more in line with the Household Income Limits, it would increase our ability to provide RGI subsidy where appropriate, while ensuring that the rents for those who do not require subsidized rents are more in line with the community at large. This would encourage those who do not require assistance to seek out available units in the community.

Social Housing Providers are exempt from having to apply to the Landlord and Tenant Board for increases above the annual increase as per Section 7 of the Residential Tenancies Act.

Objectives

The Current Market rents charged by building are indicated below and are increased each year by the Provincial approved factor.

Current DSB				
Building	# of bedrooms	# Units	2014 Market Rent	2015 Market Rent
76 Wellington, Manitowaning	1- Bed	16	\$562	\$571
29 Nixon, Mindemoya	1- Bed	24	\$562	\$571
66 Robinson, Little Current	1- Bed	20	\$562	\$571
3 Water Street, Gore Bay	1- Bed	22	\$562	\$571
66 Meredith, Gore Bay	1- Bed	4	\$562	\$571
	Bachelor	6	\$494	\$502
Arthur Court Espanola	2- Bed	4	\$683	\$694
	3- Bed	8	\$728	\$740
	4- Bed	2	\$834	\$847
Marguerite Street Espanola	3- Bed	4	\$728	\$740
	4- Bed	2	\$834	\$847
70 Barber, Espanola	1- Bed	29	\$598	\$608
60 Barber, Espanola	1- Bed	10	\$598	\$608
Various Family, Espanola		3	\$959	\$974
410 Bell, Massey	1- Bed	21	\$562	\$571
17 Stanhope, Warren	1- Bed	19	\$537	\$546
25 John, St. Charles	1- Bed	23	\$537	\$546
40 St. Christopher, Noëlville	1- Bed	21	\$537	\$546

80 Pine, Chapleau	3- Bed	9	\$792	\$805
	4- Bed	4	\$834	\$847
78 Pine Chapleau	1- Bed	13	\$563	\$572
C.A. MacMillan Place	1- Bed	24	\$562	\$571
Non Profits				
Gore Bay Municipal Non Profit	1- Bed	20	\$630	\$645
	2- Bed	5	\$700	\$717
Little Current Place Non Profit	1- Bed	12	\$544	\$553
	2- Bed	4	\$600	\$610
Espanola Municipal Non Profit	1- Bed	30	\$606	\$615

These are the maximum values (for non-RGI tenants), and not necessarily the values of revenue collected on a monthly basis. It is important to note that Rent-Geared-to-Income will still be provided and calculated as per the Housing Services Act. A person on Social Assistance with no other income pays rent based on the rent scales in the Housing Services Act, not based on a Rent-Geared-to-Income calculation.

Using the High Need Household Income Limits, an analysis of the maximum incomes was performed to determine a rent that would have residents meet the income levels. The calculated RGI column is the rent calculated by using the basic RGI formula (Gross monthly income x 30%).

Unit Size	Maximum Annual income per Household Income Limits	Max Monthly (Income divided by 12 months)	Calculated RGI (Gross Income multiplied by 30%)	Suggested Market Rent
Bachelor	\$32,100	\$ 2,675	\$ 803.00	\$805
1-Bedroom	\$37,500	\$ 3,125	\$ 938.00	\$940
2-Bedroom	\$40,800	\$ 3,400	\$ 1,020	\$1,025
3-Bedroom	\$44,100	\$ 3,675	\$ 1,103	\$1,105
4 + Bedroom	\$54,000	\$ 4,500	\$ 1,350	\$1,355

With these suggested values, current Rent-Geared-to-Income residents will not be affected. What this would mean for Manitoulin-Sudbury DSB:

Current DSB				
Building	# of bedrooms	Current Market Rent	New Market Rent	Future Affordable Rents
76 Wellington, Manitowaning	1- Bed	\$571	\$940	\$752
29 Nixon, Mindemoya	1- Bed	\$571	\$940	\$752
66 Robinson, Little Current	1- Bed	\$571	\$940	\$752
3 Water Street, Gore Bay	1- Bed	\$571	\$940	\$752
66 Meredith, Gore Bay	1- Bed	\$571	\$940	\$752
	Bachelor	\$502	\$805	\$644
Arthur Court Espanola	2- Bed	\$694	\$1,025	\$820
	3- Bed	\$740	\$1,105	\$884
	4- Bed	\$847	\$1,355	\$1,084

Marguerite Street Espanola	3- Bed	\$740	\$1,105	\$884
	4- Bed	\$847	\$1,355	\$1,084
70 Barber, Espanola	1- Bed	\$608	\$940	\$752
60 Barber, Espanola	1- Bed	\$608	\$940	\$752
Various Family, Espanola		\$974	\$1,105	\$884
410 Bell, Massey	1- Bed	\$571	\$940	\$752
17 Stanhope, Warren	1- Bed	\$546	\$940	\$752
25 John, St. Charles	1- Bed	\$546	\$940	\$752
40 St. Christopher, Noëlville	1- Bed	\$546	\$940	\$752
80 Pine, Chapleau	3- Bed	\$805	\$1,105	\$884
	4- Bed	\$847	\$1,355	1,084
78 Pine Chapleau	1- Bed	\$572	\$940	\$752
C.A. MacMillan Place	1- Bed	\$571	\$940	\$752
Non Profits				
Gore Bay Municipal Non Profit	1- Bed	\$645	\$940	\$752
	2- Bed	\$717	\$1,025	\$820
Little Current Place Non Profit	1- Bed	\$553	\$940	\$752
	2- Bed	\$610	\$1,025	\$820
Espanola Municipal Non Profit	1- Bed	\$615	\$940	\$752

2015 DSB Annual Funding allocation provided to Non Profit Providers	
Little Current Place	\$105,493
Gore Bay	\$142,628
Town of Espanola	\$353,476

Market Rent Tenants

As of August 1, 2015 there were 61 tenants within the whole DSB portfolio that pay market rent in DSB owned and Non Profit Buildings. These 61 tenants were contacted and asked to provide information in order to determine their eligibility for Rent-Geared-to-Income.

Of the 61 tenants **two (2)** have moved out, **five (5)** tenants did not provide their information. Of the remaining **59 market rent** tenants, **24** will remain at Market Rent based on the information they provided and the remaining 35 tenants will qualify for a Rent-Geared-to-Income subsidy. **Of the 35 that qualified for a rent geared-to-income subsidy, 26 will still see an increase in their rent.**

Market Rent Tenant Demographics:

Tenant	Age Range	# of Tenants
Seniors	65-75	16
	76-85	26
	86+	9
Singles	40-55	3
	56-64	2
Family/Sole Support	25-40	3

Further analysis shows that **50** of the 59 Residents will see a rental increase that breaks downs as follows:

Tenant	Rental Increase	# of Tenants Affected
Seniors	\$1 to \$100 per month	9
	\$101 to \$200 per month	7
	\$201 to \$300 per month	12
	\$300 plus per month	14
Singles	\$1 to \$100 per month	1
	\$101 to \$200 per month	1
	\$300 plus per month	3
Family/Sole Support	\$101 to \$200 per month	1
	\$300 plus per month	2

Market Rent Applicants on Waiting List:

This review also looked at all applicants on the waiting list that applied for Market Rent units because they did not qualify for Rent-Geared-to-Income subsidy. There were 61 applicants on the waiting list and each applicant was contacted to determine their eligibility for Rent-Geared-to-Income subsidy under the proposed Market Rent rates.

Of the 61 applicants three (3) cancelled their applications, eight (8) did not provide their information and 21 were determined to qualify for RGI. The remaining 37 applicants were deemed to be market renters.

Market Rent Applicant Demographics:

Applicant	Age Range	# of Applicants
Seniors	65-75	20
	76-85	29
	86+	7
Singles	20-55	1
	56-64	1

Conclusion

By increasing the value of the Market Rent for each property, it will bring the rents to levels that are more in line with the Household Income Limits that are used for eligibility determination. It will also allow for greater flexibility after mortgage/debentures expire to review other subsidy options that will keep the buildings viable such as Affordable Rents as opposed to RGI rents.

The change will not affect eligible RGI tenants currently receiving rent subsidy and residents who currently find themselves at Market Value will have the option of applying for Rent-Geared-to-Income subsidy in their current units.

At this point staff are recommending that we proceed with the implementation of the new market rents for all DSB owned and all Non Profit Providers properties.

The following options for implementation are provided for the Boards consideration:

1. Grandfather all current market residents (This means the new Market Rent rates would only apply to new tenants)
2. Increase residents to new market values within 1 year (Each tenant will be provided one year’s notice before the rent is increased to the new Market Rent rate)
3. Increase to new market rent values over a 3-year period (With the provision of 6 months’ notice the tenants rent would be increased by 33% per year until the rent has reached the new Market Rent rate)
4. Increase to new market values by increasing current rent by 50% in year 1; 33% in year 2, and 17% in year 3.

5. New market tenants be charged the New Market Rent rate of \$650 per month, however, existing tenants be limited to a 3% increase each year up to a market rent cap of \$650 per month, or until such time as an appropriate market rent analysis is performed. In this option the new market rent of \$650 would be achieved in all buildings by 2021.

In all cases where rent increases are proposed, staff are recommending that tenants receive 6 months' notice which is twice the notice required under the Residential Tenancy Act for Social Housing properties.